Donchain Channel Indicator for MetaTrader4 Download - Free - [Trading Finder]



The Donchian Channel indicator, part of the **MetaTrader 4 indicator** suite, effectively signals the start of **trends** during **retracements** and **pullbacks**. The channel is drawn based on the **high** and **low prices** over a defined period set within the indicator. A break above the **upper** band **triggers** a **buy signal**, while a **break below** the **lower** band **triggers** a **sell signal**. This indicator is particularly suitable for trending and volatile markets but may need to perform better in **range-bound (sideways)** markets.

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Indicator Table

Indicator Category	Signal and Forecast - Bands & Channels
Platforms	MetaTrader 4
Trading Skills	Beginner
Indicator Types	Leading – Breakout – Non-Repaint
Timeframe	Multi Timeframe
Trading Style	Scalper - Day trader – Intraday
Trading Instruments	All Markets

The image below displays the gold price chart with the symbol **[XAUUSD]** in a 1-hour timeframe. At point **A**, marked by a circle, the price **breaks** the **upper boundary** of the **donchian Channel** with a solid **bullish candle**, signaling an entry for a **long (buy) trade**. Similarly, at point **B**, with a solid **bearish candle** breaking through the channel's **lower boundary**, a signal for a **short (sell)** trade is issued. This illustrates how the donchian Channel can capture significant moves by tracking breakouts from established ranges.



Uptrend and Downtrend signals from donchian Channel

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Overview

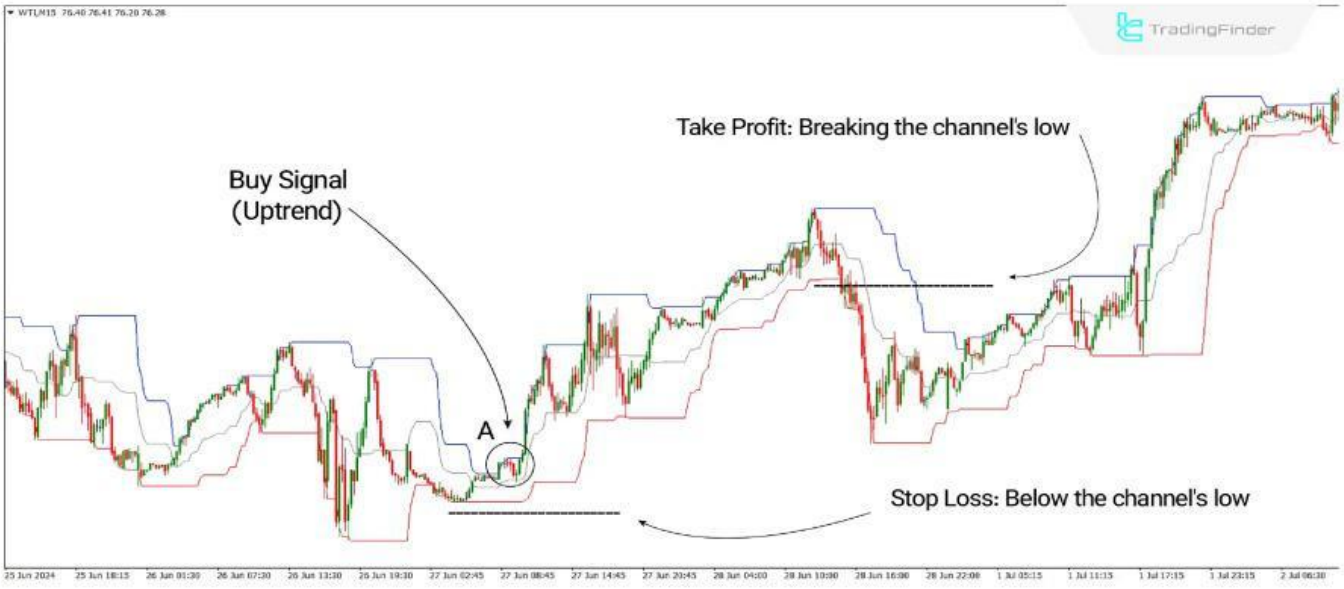
The donchian Channel indicator is a technical tool used to identify **breakout points** and **trend changes** in the market. This indicator consists of adjustable bands that depend on the **highest (High)** and **lowest (Low)** prices within a specific period. The **upper** band represents the **highest** price, and the **lower** band represents the **lowest** price during that period. The middle line displays the **average** of the **high** and **low** prices. The bands of this indicator can serve as **dynamic support** and **resistance** levels, helping traders make strategic decisions based on these pivotal price levels.

Uptrend Signals (Buy Positions)

The image below displays the price chart for **oil** with the symbol **(WTI)** on a 15-minute timeframe. At point **A**, the price powerfully **breaks** through the **upper** band of the **donchian Channel**. Under these conditions, a signal to enter a **long (buy)** trade is issued. This indicates a **potential upward movement**, prompting traders to consider a **buy position** based on the **breakout momentum**.

Take Profit and Stop Loss for Buy Signals

To set the **take profit**, the price reaching the opposite band **(breaking through the channel's lower boundary)** can be considered the criterion. The **stop loss**, as shown in the image, should be set **below** the **channel's low**.



Buy Signals from donchian Channel

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Downtrend Signals (Sell Positions)

In the image below, the chart for the currency pair **US Dollar to Swiss Franc** with the symbol **(USDCHF)** on a 4-hour timeframe is displayed. At point **A**, the price strongly **breaks** through the **lower** band of the **channel**. Under these conditions, a signal to enter a **short (sell)** trade is issued. This suggests a potential **downward** movement, prompting traders to consider a **sell position** based on the breakout strength.

Take Profit and Stop Loss for Sell Signals

To set the take profit, one could use the price reaching the opposite **band (breaking the channel's upper boundary)** as the criterion. As depicted in the image, the **stop loss** should be placed above the **channel's high**.



Sell Signals from donchian Channel

Settings of the donchian Channel



Settings of the donchian Channel Indicator

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- **Period of the channel**: 20 is used for the channel's timeframe.
- **Show price of the level**: The option 'true' displays numbers on the chart.

Summary

The donchian Channel indicator is a simple and effective technical tool that helps identify breakout points and trend reversals. It is beneficial in markets characterized by solid trends and high volatility and can be incorporated into a comprehensive trading strategy. While this **Metatrader 4 Band and channel indicator** is suitable for all timeframes, using it in higher timeframes, such as 15 minutes or more, is recommended due to the high volatility present in shorter timeframes. This ensures more reliable signals and minimizes the potential for false breakouts.

Sources:

1- Donchain Channel Indicator for MT4:
https://tradingfinder.com/products/indicators/mt4/donchain-channel-free-download/

2- Donchain Channel Indicator for MT5:
https://tradingfinder.com/products/indicators/mt5/donchain-channel-free-download/

3- Donchain Channel Indicator on YouTube:
https://youtu.be/ASopSOTXuio

4- All Indicators:
https://tradingfinder.com/products/indicators/

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